

Before the
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Viola Idaho Post Office
Viola, Idaho 83872

Docket No. A2011-71

PUBLIC REPRESENTATIVE'S REPLY COMMENTS

(January 24, 2012)

I. INTRODUCTION

This case addresses an appeal of the Postal Service's decision to close the Viola, Idaho Post Office and to provide the former patrons of that office with retail services and mail delivery via rural route service to cluster box units (CBUs) installed at an undetermined location. See Administrative Record /Item No 47 at 2.¹ A parcel locker may be installed. The replacement service, if the Postal Service's decision is affirmed, will be provided under the administration of the Moscow (Main) Post Office, which is 7 miles south of Viola. AR/Item Nos. 1 at 1 and 47 at 1.

The Commission accepted appeals of the Postal Service's decision from Dan Hardesty and the Patrons of the Viola, Idaho, Post Office.² The appeals, as supplemented by Participant Statements, question most aspects of the Postal Service's decision, but especially management's conclusions on two central points: the estimated

¹ Item 47 is the Final Determination. For readability, further citations to the Administrative Record typically use the abbreviation "AR." All references are to the AR filed December 19, 2011.

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, December 1, 2011 (Order No. 1015. This Order appears at 76 FR 76448 (December 7, 2011). See Dan Hardesty Appeal, November 14, 2011 and and Appeal Letter to Postal Regulatory Commission, November 3, 2011, filed by Patrons of the Viola, Idaho, Post Office.

economic savings and the ability to meet patrons' needs through the planned replacement service.³

As the record and the Petitioners' filings attest, Viola is a Postal Service success story. Revenue is strikingly stable for such a small, rural office — in fact, it has increased slightly over the last three years — despite the Nation's continuing tough economic times. Its location, relatively close to two large public universities, may mean it will experience future growth from the "spillover" effect of people seeking places to live or to set up a business.⁴ The Postal Service's own Fact Sheet shows 66 newspapers via the U.S. Mail (despite the popular view that mail subscriptions are declining), and a patron notes that she has started an Internet-based mail order operation.⁵ And the patrons, as documented in responses to questionnaires, can't say enough good things about the OIC. In fact, the only negative thing any patron of the Viola Post Office has to say about the Postal Service's local operation is that they don't support the proposal to close their office.

II. VIOLA'S LOCATION AND WHY IT MATTERS IN THIS CASE

Viola is an unincorporated rural community in Latah County, Idaho.⁶ AR/Item No. 44 at 1. This places Viola and other residents of Latah County in the northern Idaho panhandle, along the eastern Washington State border in an area referred to as "the Palouse." The term has been attributed to both a Native American tribe (the Palus) and to French Canadian fur trappers and traders who may have referred to the region's vegetation by the French term "pelouse," which means *land with short, thick grass*. Variations on these early terms survive in the form of Appaloosa, the name of the American breed of leopard-spotted horses; the Palouse River (also referred to as Palus

³ Hardesty Participant Statement, December 19, 2011 (Hardesty Statement) and Viola Idaho Postal Patrons' Participant Statement, December 20, 2011.

⁴ The two universities are the University of Idaho in Moscow and Eastern Washington State in Pullman.

⁵ AR/Item No. 18 at 1 (Box 14 (Daily Volume (Pieces))).

⁶ The first syllable of the town's name rhymes with "eye."

River in older sources); and a small city named Palouse in neighboring Washington State about 6 miles southwest of Viola.⁷

Latah County, as depicted in the map below, is a very small county in Idaho.⁸



It covers a little more than one thousand square miles, and more than half of its land is devoted to agriculture.

The largest city in Latah County is Moscow. Moscow is also the county seat; home to the state's flagship university, the University of Idaho (UI); and, lying about 8 miles south of Viola, the site of both the proposed administrative office for Viola patrons (the Moscow Main Post Office) and nearby University Station, which currently serves the UI campus.

While the distance to the replacement office and to the Palouse Post Office seems relatively short, representations on the record indicate:

- University Station is on closing list; and

⁷ Web sources for the information in this paragraph and others containing information about Idaho include <http://www.latah.id.us/history.php>; <http://www.scenicusa.net/082207.html>; <http://www.visitidaho.org/facts>; and <http://www.appaloosamuseum.org>.

⁸ Map sourced from <http://www.idaho/aboutidaho/latahcounty/html>.

- the federal building in which the Main Post Office is located has been “surplused” by the General Services Administration, so a move may be necessary.

Of equal concern is that the Commission has recently docketed appeals of the closing of the Elk River Post Office in adjacent Clearwater County (Docket No. A2012-99) and the Bovill Post Office, which is located in a small city in Latah County near Viola (Docket No. A2012-109).⁹ Harvard, another Latah County community near Viola, is on the closing list.

Domino effect. The potential for a “domino effect” is clear, even if completely unintended by the Postal Service: the University Station closing, if implemented, may impose greater demand on boxes in Moscow than anticipated, leaving fewer boxes available for Viola patrons; the closing of other small offices near Viola may add to this pressure; and demands on rural carriers will increase. In fact, the Administrative Record states that an existing route serving Viola will be “overburdened” by the closing. AR/Item No. 15 at 2 (response to Q. 13). Finally, although the Postal Service correctly notes¹⁰ that the Moscow Post Office is not on its closing list, that Office has found its way onto another federal agency’s list — namely, the General Service Administration’s (GSA’s) list of surplus property.¹¹ This points to the possibility that the Main Post Office may have to relocate relatively soon, with uncertain effects on the patrons it serves in terms of distance and box availability.

⁹ <http://latah.idgenweb.org/>

¹⁰ See United States Postal Service Comments Regarding Appeal, January 17, 2012, at 3, n. 7 (Postal Service Comments).

¹¹ See related indirect confirming notice of GSA’s action by the Department of Housing and Urban Development (HUD) at 76 FR 76984, 76986 (December 9, 2011) identifying the Moscow Federal Building (in which the Moscow Post Office is located) as one of the “Suitable/Unavailable Properties.” The Moscow-Pullman Daily Bulletin of November 23, 2011 carried a story on the GSA action and includes a quotation from a Postal Service spokesman. The newspaper article can be accessed via a secondary source (dialong.newsedge.com) on the web by searching for the following combination “GSA” and “Nov. 23” and “Latah” and “post office.”

III. CURRENT AND PROPOSED POSTAL OPERATIONS IN VIOLA

A. Current Operations

Like many post offices that have been the subject of a closing study, the Postmaster's position at the Viola Post Office is vacant (there was a retirement in August 2003). AR Item No. 47 at 1. A non-career officer in charge (OIC) has been operating the office. AR/Item No. 18 at 1. A review of responses to questionnaires the Postal Service distributed reveals that this OIC gets more than the usual amount of compliments from postal patrons. There are 54 Post Office box customers and one permit customer. AR/Item No. 13 at 1 and AR/Item No. 15 at 1 and Item No. 18 at 1 (Box 14).

The Office is open 36 hours a week, from 10 a.m. to 4 p.m., Monday through Saturday, and there is 24-hour access to the lobby. Earned work hours, based on a June survey, are reported at under two per day, although the accuracy of this figure is disputed by the Viola Patrons. AR/Item No. 1 at 1.

Newspapers. The Fact Sheet records receipt of 66 items listed as newspapers at the Viola Post Office, indicative of a loyal local subscription base. AR/Item No. 18 at 1 (Box 14).

B. Proposed Operations

Rationale for study. Reasons cited in the Administrative Record for studying the Viola Post Office for closure include earned hours of under two work hours per day; the ability to provide regular and effective service from the Moscow Main Post Office 7 miles away; the existence of the Palouse (Washington State) Post Office 6 miles away; and a pattern of Viola customers commuting to Moscow for work and shopping. AR/Item No. 47 at 2. (The Postal Service Comments refer to the Moscow Post Office as being 4 miles away.)

Revenue trends. According to Postal Service records, revenue at the Viola Post Office (as shown in the following table) has increased slightly each year for the past 3 years:

Table 1
Viola Post Office
Revenue Trends

Year	Amount (in \$)
FY 2008	26,098
FY 2009	26,618
FY 2010	26,782

Source: AR/ Item No. 47 (Final Determination) at 2.

Given the slight increases in revenue, the recent financial situation at the Viola Post Office might best be described as stable, notwithstanding the rural location and relatively low population. Revenue is not declining at this point, despite the state of the Nation's economy during the years for which revenue is reported. This, combined with the repeated praise for the OIC in questionnaire, may mean that the Postal Service should look more closely into the many things it must be doing right in Viola, and even consider expanding the hours of operation, as some patrons in responses to questionnaires.

Replacement service—type and cost. If the Viola Post Office closes, Viola residents will receive CBU delivery. *Id.* The route will operate, administratively, out of the Moscow Main Post Office, 7 miles away. *Id.* The locations of the CBUs and possible parcel locker will be determined by the Administrative Post Office at a later time. AR/Item No. 15 at 2 (Question No. 11).

The Postal Service expects the change to add 1 mile to a rural delivery route, at an additional annual cost of \$5283. A one-time cost of CBU/parcel locker installation of \$8000 will be incurred. Delivery time, which is now at 10 a.m., is not expected to be affected. *Id.* (Question No. 13f). The Postal Service estimates that closing the Viola Post Office will generate annual savings of \$28,873. This estimate is based on elimination of an EAS-11 Postmaster's salary and benefits (represented as \$33,168 and \$11,111) and elimination of annual lease costs of \$3,435, offset by the annual cost of replacement service (\$5,283). AR/Item No. 47 at 7 (Section IV).

Post Office box availability. Box fees at Moscow are higher because the Moscow Post Office is a group fee 4 facility, while Viola is group fee 5. There are 316 Post Office boxes available at Moscow. AR/Item No. 18 at 1 (Box 19). The Postal Service also represents that the Palouse Office, which is 6 miles away, has sufficient boxes available for Viola residents at the same Group fee 5. *Id.* (Box 14).

IV. THE INTERESTS OF THE GENERAL PUBLIC

The focus of these Reply Comments is on a due process consideration, which is the uncertainty on this record over four things:

- where CBUs will be placed in Viola;
- whether the potential closing of University Station and small offices near Viola will overburden the Moscow Main Post Office or other offices in terms of window service, post office box availability, and parking space;
- whether patrons referred to the Moscow Main Post Office might face another “move” within a relatively short time; and, most of all,
- whether closing the Viola Post Office will advance the Postal Service's overall objective of improving its financial condition.

Uncertainty surrounding CBU placement in Viola. The Administrative Record states that the location of CBUs will be determined “at a later date” by the administrative office. AR/Item No. 15 at 2 (response to Q. 11). In subsequent Postal Service Comments, there is no mention of whether a location has been identified, nor is there any indication when a location will be identified.

It is to be expected, as the Postal Service moves forward with its retail facility closing plans, that CBUs will be one form of replacement service. Due process seems to favor informing postal patrons of the location of CBUs as soon as possible so they can make reasoned decisions about whether they want to obtain a Post Office box and related matters, such as placing orders for new stationery. There are likely a plethora of decisions involved in locating CBU within a community, and the Postal Service may not be able to inform patrons, in every instance, where the installation will be placed. At the same time, it seems the Postal Service could consider providing patrons with an affirmative statement about the factors that enter into making a decision about location or, if it has some idea about possible placement, to let patrons know the options under consideration. In this instance, there seems to be no information about a potential location, and this works to undermine the Postal Service’s assurances about its continued ability to serve to the community. It would be useful if the Postal Service would provide as much information about CBU location (and benefits), especially since some postal patrons react negatively to this form of replacement service.

Uncertainty surrounding adequacy of replacement box service. Petitioner Hardesty observes:

The determination indicates there are 316 boxes available at the Moscow Post Office. What is not mentioned is that the Postal Service is closing The University of Idaho branch Post Office [University Station] in Moscow. The patrons of the branch post office will need to move their box to the main office, thus greatly reducing the number of boxes available for the Viola PO.

Hardesty Statement at 1.

He adds: "The Moscow Post Office is in a very congested section of downtown and has inadequate parking for its current service level. *Id.* This observation is echoed in questionnaire responses. Other respondents complain of long lines and slow service at the Moscow Main Post Office.

The Postal Service does not directly address the parking or service concerns, but has this to say about the potential impact of the University Station closing:

Petitioners express concern over the number of available boxes at the Moscow Post Office in light of the discontinuance of both the Viola Post Office and the University Station in Moscow, Idaho. While it is possible that this could result in a shortage of unassigned Post Office boxes for customers, based on the current usage, the Postal Service does not believe a shortage will occur. In addition, the Postal Service can provide additional boxes at the Moscow Post Office if the demand so requires.

Postal Service Comments at 8-9.

Uncertainty surrounding about location of Moscow Main Post Office. Petitioner Hardesty further cautions:

The determination also fails to mention that GSA is selling the building where the Moscow Post Office is located. I believe the [Main] Post Office lease expires in 2013. So one must consider that the new owners of the building might ask the Postal Service to vacate.

Hardesty Statement at 1.

The Postal Service Comments do not appear to address this possibility. However, should relocation ensue, patrons of University Station and Viola would experience successive moves. This might affect their interest in continuing to patronize the Postal Service.

Uncertainty surrounding the closing's ability to advance the Postal Service larger objective. Under the Postal Service's calculus, closing the Viola Post Office will generate savings of \$28, 873. See AR/Item No. 47 at 7. This is mainly due to counting a Postmaster's salary and benefits because **annual** rent is a very low \$3418. *Id.*

The Commission has noted its interest in a more thorough economic estimate. When rent is this low and annual revenue is more than \$26,000, it seems unduly harsh to seek savings to advance the Postal Service's larger objective through a major revision in service to this community. It may also be counterproductive if some Viola patrons, although very appreciative of their current Post Office, turn to a private box company or ship via a competitor if that Office closes. It seems the Postal Service should strive to maintain the employment status quo (use of a non-career OIC) in a situation like Viola, especially when there seems to be no practical impediment to doing so at this time.

VI. CONCLUSION

Review of the circumstances surrounding the proposed closing of the Viola Idaho Post Office points to several major uncertainties. The Commission may find that these uncertainties warrant further investigation. If so, this would not only foster the development of a more complete and transparent record in this case, but also in other cases, as similar types of uncertainties are likely to arise. Accordingly, it would be in the long term interests of the general public for the Postal Service to address, as a general matter, the considerations it faces in determining a location for CBUs if it cannot identify a specific location.

It would be in the public interest for the Postal Service to address the status of the Moscow Post Office under GSA's "surplus property" finding, as the record is silent on the potential impact ... and the impact may occur sooner, rather than later.

It also would be in the public interest to learn whether the potential collective impact of the closing of several rural Idaho Post Offices in quick succession on the population has been considered, instead of just isolated, individual impacts.

Finally, the record would benefit from reconsidering the conclusion that closing the Viola Post Office will advance the Postal Service's objective of improving its financial condition. This Office appears to be helping the Postal Service achieve that objective, not hindering it. While almost no patron wants to see his or her local office close, the patrons, OIC, the Postal Service's own documentation of recent stable revenue combined with a low annual rent seem to show that keeping the Viola Post Office could help improve the long-term financial situation by maintaining its steady following of Post Office box renters (some who must be newspaper subscribers), and attracting Internet business owners who want to rely on the U.S. Mail.

Respectfully submitted,
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